



**Treasury
Inspector
General for
Tax
Administration**

Inspections and Evaluations

Highlights

Highlights of Report Number: 2015-IE-R001 issued to the Internal Revenue Service Human Capital Officer.

WHY TIGTA DID THIS STUDY

This project was initiated to determine whether the IRS's use of its streamlined critical pay authority conformed to established laws and regulations, and to assess the costs associated with the program. The Restructuring and Reform Act of 1998 authorized the IRS to hire up to 40 individuals (at any one time) into positions it deems require extremely high-level expertise in an administrative, technical, or professional field that are critical to the IRS's success. While this authority was originally authorized for 10 years, it was extended on two occasions and ultimately expired on September 30, 2013.

WHAT TIGTA RECOMMENDED

TIGTA did not make any recommendations to the IRS concerning its use of the authority. If Congress chooses to once again authorize the IRS streamlined critical pay authority for a specific period of time, or permanently, TIGTA believes it would be beneficial to clearly define the extent of any independent oversight the program should have and who would be designated to provide the oversight. It would also be beneficial to clarify what, if any, period of separation former IRS employees must have observed before they might be rehired by the IRS as a streamlined critical pay appointee.

In their response to the report, IRS officials stated that they agreed with the facts in the report.

Issued on December 5, 2014

THE INTERNAL REVENUE SERVICE'S USE OF ITS STREAMLINED CRITICAL PAY AUTHORITY

WHAT TIGTA FOUND

Since July 1998, the IRS has used its streamlined critical pay authority to fill 168 critical pay positions. Over half were information technology positions and the remaining positions were distributed among the other nine IRS functions. A total of 102 appointees filled the 168 positions. Sixty-three of the 102 individuals held a single term appointment while the remaining 39 held two or more appointments.

TIGTA determined that the critical pay positions were adequately justified, the need to recruit or retain exceptionally well-qualified individuals was demonstrated, pay limitations were adhered to, and the four-year cost of the program (Calendar Years 2010 through 2013) was approximately \$1.7 million. Also, most of the packages that TIGTA reviewed had not been approved by the Secretary of the Treasury or any other Departmental official but were approved by the IRS Commissioner. This occurred because in November 2009, the Department of the Treasury delegated its approval authority to the IRS Commissioner. In doing so a key control intended to provide some oversight of the program was effectively eliminated. Lastly, TIGTA found that two critical pay appointees had previously worked for the IRS. After they separated from the IRS they held private sector jobs for several years before returning to fill the critical pay positions they were appointed to.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treasury.gov/tigta/iereports/2015reports/2015ier001fr.pdf>